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# ANNUAL REPORT

FISCAL 1982

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**DIVISION OF  
WORKERS'  
COMPENSATION**



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## PREFACE

The Division of Workers' Compensation has the mission of conserving the working person's earning power. It does this by:

Assisting employers' prevention of accidents and occupational disease,

Ensuring compensation to offset wage loss and medical costs due to accident, occupational disease and crime, and

Encouraging the retraining of workers who need to learn new work skills to overcome incapacities caused by accident or disease in the workplace.

This has been the mission of the Division (previously the Industrial Accident Board) since 1915, when the first compensation act was passed in Montana. The accomplishments represented in this sixty-eighth annual publication are those achieved under the administration of Laury M. Lewis, who was the Division's Administrator from July 1, 1979 through September 30, 1982. Mr. Lewis now heads the State Industrial Insurance System for the State of Nevada.

As the Division's twelfth administrator, I am pleased to present to the reader this report of the Division's activities for the fiscal year ended June 30, 1982. For further information please direct your inquiries to Division of Workers' Compensation, 815 Front Street, Helena, Montana 59604.

Gary L. Blewett  
Division Administrator

## SECTION I DIVISION ADMINISTRATION

The Division was created to administer several laws relating to the industrial operations in this state. These include the administration of industrial safety and health laws, as well as the payment of benefits to workers injured in the course and scope of employment. The laws set forth below are under the administrative jurisdiction of the Division, with reference made to the title and chapter numbers in the Montana Code Annotated:

### Industrial Safety and Health

1. Occupational Safety Act, Title 50, Chapter 71
2. Safety in Mines Other Than Coal Mines, Title 50, Chapter 72
3. Safety in Coal Mines, Title 50, Chapter 73
4. Boilers and Steam Engines, Title 50, Chapter 74
5. Hoisting Engines, Title 50, Chapter 76

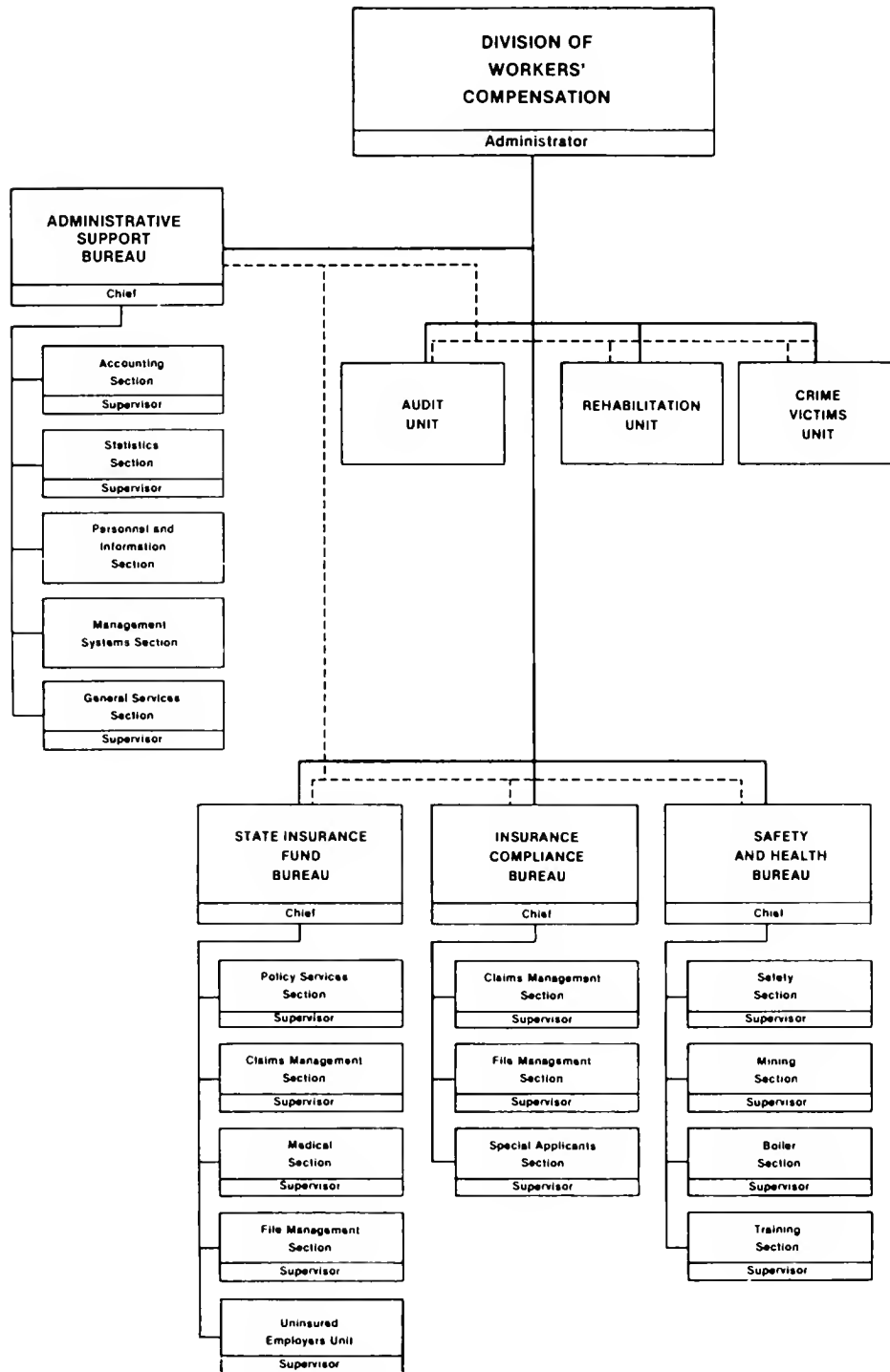
### Compensation Systems

1. Volunteer Firefighters' Compensation Act, Title 19, Chapter 12
2. Silicosis Benefits Law, Title 39, Chapter 73
3. Crime Victims' Compensation Act, Title 53, Chapter 9
4. Workers' Compensation Act, Title 39, Chapter 71
5. Occupational Disease Act, Title 39, Chapter 72
6. Referral of Disabled Workers for Vocational Rehabilitation, Title 39, Chapter 71

With the assistance of immediate supervisory personnel, the Division Administrator provides overall management to the Division.

The agency is divided into four major bureaus which provide the following services: Administrative Support gives needed overall support services to all bureaus and units; the State Compensation Insurance Fund operates a state administered insurance system which allows employers an option for obtaining workers' compensation insurance in Montana; Insurance Compliance reviews the payment of workers' compensation benefits by self-insured employers and private insurance carriers; and Safety and Health administers the occupational safety and health laws.

## ORGANIZATION CHART



### PRINCIPAL OPERATIONAL PERSONNEL

Laury M. Lewis, Administrator in Fiscal Year 1982

Gary L. Blewett, Current Administrator

William R. Palmer, Assistant Administrator

Margaret Condon, Executive Secretary

Carla J. Smith, Chief, Administrative Support Bureau

A.G. Pillen, Chief, State Insurance Fund Bureau

John A. Stiles, Chief, Insurance Compliance Bureau

Ed Gatzemeier, Chief, Safety and Health Bureau

## MAJOR ACTIVITIES DURING FISCAL YEAR 1981-1982

### Administrative Program

Design of a computerized Management Information System is continuing. The systems study has progressed through three major phases: project definition, requirements definition, and external design.

Once completed, the system will provide most claims and policy holder information on-line via remote inquiry devices, automated warrant writing for wage loss and medical benefits, improved premium collection methods, and more. Implementation of the policy services portion of the project is scheduled for early 1984, and the claims management portion in July, 1984.

During this fiscal year the division appointed the architectural firm of Campeau & Crennan to plan and design our new office facility. As of June 30, the design, planning, and construction specifications were completed. Bid letting and start of construction for the three story, 54,000 square foot building should be underway by the middle of September, 1982. Project completion is expected by April of 1984.

Program personnel participated in small business clinics and met with approximately 900 Montana employers in 11 cities. The Annual Claims Seminar was conducted for representatives of the insurance industry, attorneys, physicians, and other interested parties.

Our Rehabilitation Unit served 408 injured workers, and personnel of the Audit Unit reviewed 1,301 employer accounts.

### State Insurance Fund Program

The State Insurance Fund has implemented procedures to pay the undisputed liability represented by medical impairment ratings that eliminate the necessity for the injured worker to sign a legal document. The new procedure does not require the worker to release or waive his legal right to future compensation benefits should the worker become entitled to them as a result of the industrial injury.

This procedure was established in accordance with case law (Richard J. Holton vs. F.H. Stoltze Land & Lumber-decided 11-9-81) and greatly improves the claims delivery system to the benefit of the worker.

### Insurance Compliance Program

Personnel in this program processed over 16,000 new accidents reported to insurance carriers and self-insurers, and reviewed and monitored the payment of benefits to injured workers resulting from the submission of approximately 3,000 new claims.

### Safety and Health Program

Safety compliance officers and industrial hygiene personnel made 1,926 inspections, consultations, and investigations, the majority of which were with a goal of significantly reducing accidents and injuries in the workplace. Training section personnel conducted over 230 courses in first aid, safety, cardiopulmonary resuscitation, and defensive driving, in addition to constantly updating and improving these courses to provide better service to requesting groups.

Boiler section inspectors conducted 2,413 activities including boiler inspections and investigations, administering tests, issuance of licenses, and responding to complaints from affected parties. Procedural changes in administering tests were made to allow for more efficient field work. Mining section inspectors conducted 209 inspections and investigations of metal and non-metal mines, coal mines, and related industries, with over 700 safety and health violations issued, a large percentage of which were considered to be serious hazards. Other activities included miners' training, safety meetings, and certification of coal mine foremen.

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## SECTION II FINANCIAL REPORTS

Financial statements in this section show the activity and the condition of all funds in summary for the fiscal year ended June 30, 1982. These statements include a combined balance sheet for all fund types and account groups; combined statement of revenues, expenditures, and changes in fund balance for all governmental fund types and expendable trust funds; and combined statement of revenues, expenditures, and changes in fund balance-budget and actual-for general and special revenue fund types.

In addition, supporting schedules for all accounting entities except the State Compensation Insurance Fund are presented. They include a schedule of federal grants; program cost statement; balance sheet by accounting entity; statement of changes in fund balance by accounting entity; comparative statement of sources of revenue; and comparative summary of Plans I, II, and III. Because of the size of the State Compensation Insurance Fund, its detailed financial activity is shown in Section III.

The state's accounting system presently provides nine funds, of which the Division uses five. The General Fund provides moneys to cover costs of the silicosis and social security offset benefit programs. The Earmarked Revenue Fund accounts for moneys generated by the Division, chiefly from assessments levied against insurers and used to defray the cost of operations. The Federal and Private Revenue Fund accounts for operational moneys received from the federal government. The Division has two sources of revenue in this area, one from an OSHA statistics grant with the Bureau of Labor Statistics, and the other from a coal mine safety grant with the U.S. Department of Labor, Mine Safety and Health Administration. The Federal and Private Grant Clearance Fund accounts for receipts until proper disposition is determined. The Agency Fund consists of those moneys deposited with the Division as custodian or agent. Included in this fund are the Volunteer Firemen, Subsequent Injury, Uninsured Employers' and Crime Victims' accounts.

As the result of a recent audit, the principal financial statements presented in this section are formatted in conformance with the recommendations presented by the Municipal Finance Officers Association in its publication, Governmental Accounting, Auditing, and Financial Reporting, 1980.

Montana has adopted the recommendations and will incorporate them into the state treasury fund structure as of July 1, 1983.

Financial records of the division for the fiscal periods ending June 30, 1981 and June 30, 1982, were reviewed by the Office of the Legislative Auditor. An opinion of the presented financial statements may be obtained by writing to this office in the Capitol Complex, Helena, Montana.

DIVISION OF WORKERS' COMPENSATION  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1982

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS	TOTALS (Memorandum Only)
	General	Special Revenue	Trust And Agency	General Fixed Assets	June 30, 1982
<b>ASSETS</b>					
Cash	\$ 1,000	\$169,620	\$ 569,440	\$	\$ 740,060
Receivables*		74,637	8,741,558		8,816,195
Investments			67,570,783		67,570,783
Interest Purchased			87,796		87,796
Property Held in Trust			13,876,426		13,876,426
Equipment				665,506	665,506
Prepayments	63,400	14,090			77,490
Expense Advances to Employees		21,833			21,833
Available to Pay					
Accrued Expenditures	387				387
Total Assets	<u>\$64,787</u>	<u>\$280,180</u>	<u>\$90,846,003</u>	<u>\$665,506</u>	<u>\$91,856,476</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 387	\$220,475	\$ 2,109,358	\$	\$ 2,330,220
Accountability for Property Held in Trust			17,726,481		17,726,481
Accrued Expenditures		33,753			33,753
Net Deferred Losses			(5,445,204)		(5,445,204)
Deferred Revenue		7,727	420,548		428,275
Contingent Liabilities			1,181,005		1,181,005
Allowance for Contingent Liabilities			(1,181,005)		(1,181,005)
Due to Consolidated Entity	64,400				64,400
Total Liabilities	<u>\$64,787</u>	<u>\$261,955</u>	<u>\$14,811,183</u>	<u>\$</u>	<u>\$15,137,925</u>
<b>Fund Equity</b>					
Investment in General Fixed Assets	\$	\$	\$	\$665,506	\$ 665,506
Fund Balance	-0-	18,225	76,034,820	-0-	76,053,045
Total Fund Equity	<u>\$ -0-</u>	<u>\$ 18,225</u>	<u>\$76,034,820</u>	<u>\$665,506</u>	<u>\$76,718,551</u>
Total Liabilities and Fund Equity	<u>\$64,787</u>	<u>\$280,180</u>	<u>\$90,846,003</u>	<u>\$665,506</u>	<u>\$91,856,476</u>

\*Net of Allowance for Uncollectibles

The notes to the financial statements are an integral part of this statement.

**DIVISION OF WORKERS' COMPENSATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE—ALL GOVERNMENTAL FUND TYPES AND  
EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1982**

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	TOTALS (Memorandum Only) Year Ended
	General	Special Revenue	Expendable Trust	June 30, 1982
<b>REVENUES:</b>				
Licenses & Permits	\$	\$ 29,547	\$	\$ 29,547
Service Fees		1,050,386	42,000	1,092,386
Investment Earnings			6,274,763	6,274,763
Fines			615,502	615,502
Reimbursements		45,967		45,967
Fiduciary & Trust			34,524,932	34,524,932
Less Premium Refund			(2,001,057)	(2,001,057)
Income Collections & Transfers		4,411,160		4,411,160
Federal Assistance		65,156		65,156
Total Revenues	\$ -0-	\$5,602,216	\$39,456,140	\$45,058,356
<b>EXPENDITURES:</b>				
Administration	\$ 91,438	\$2,767,023	\$ 590,170	\$ 3,448,631
State Insurance Fund		1,595,297	32,400,406	33,995,703
Insurance Compliance	766,048	424,661	291,481	1,482,190
Safety & Health		745,504		745,504
Total Expenditures	\$ 857,486	\$5,532,485	\$33,282,057	\$39,672,028
<b>EXCESS OF CURRENT REVENUES OVER (UNDER) CURRENT EXPENDITURES</b>	\$ (857,486)	\$ 69,731	\$ 6,174,083	\$ 5,386,328
<b>OTHER FINANCING SOURCES (USES):</b>				
Prior Year Adjustments	\$ 9,993	\$ 12,454	\$ 51,642	\$ 74,089
Support From (To) General Fund	847,493			847,493
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</b>	\$ -0-	\$ 82,185	\$ 6,225,725	\$ 6,307,910
<b>FUND BALANCE JULY 1, 1981</b>	-0-	(63,960)	69,809,095	69,745,135
<b>FUND BALANCE JUNE 30, 1982</b>	\$ -0-	\$ 18,225	\$76,034,820	\$76,053,045

The notes to the financial statements are an integral part of this statement.

DIVISION OF WORKERS' COMPENSATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE—BUDGET AND ACTUAL—  
GENERAL AND SPECIAL REVENUE FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1982

	General Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES:			
Licenses & Permits	\$	\$	\$
Service Fees			
Reimbursements			
Income Collections & Transfers			
Federal Assistance			
Total Revenues	<u>\$</u>	<u>\$</u>	<u>\$</u>
EXPENDITURES:			
Administration	\$ 111,415	\$ 91,438	\$ 19,977
State Insurance Fund			
Insurance Compliance	794,734	766,048	28,686
Safety & Health			
Total Expenditures	<u>\$ 906,149</u>	<u>\$ 857,486</u>	<u>\$ 48,663</u>
EXCESS OF CURRENT REVENUES OVER (UNDER) CURRENT EXPENDITURES	\$ (906,149)	\$ (857,486)	\$ 48,663
OTHER FINANCING SOURCES (USES):			
Prior Year Adjustments	9,993	9,993	
Support From (To) General Fund	<u>896,156</u>	<u>847,493</u>	<u>(48,663)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE JULY 1, 1981	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE JUNE 30, 1982	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Special Revenue Fund			Totals (Memorandum Only)		
Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
\$ 24,700	\$ 29,547	\$ 4,847	\$ 24,700	\$ 29,547	\$ 4,847
1,500,000	1,050,386	(449,614)	1,500,000	1,050,386	(449,614)
	45,967	45,967		45,967	45,967
3,500,000	4,411,160	911,160	3,500,000	4,411,160	911,160
88,457	65,156	( 23,301)	88,457	65,156	( 23,301)
<u>\$ 5,113,157</u>	<u>\$5,602,216</u>	<u>\$ 489,059</u>	<u>\$ 5,113,157</u>	<u>\$5,602,216</u>	<u>\$ 489,059</u>
\$ 3,314,861	\$2,767,023	\$ 547,838	\$ 3,426,276	\$2,858,461	\$ 567,815
1,621,612	1,595,297	26,315	1,621,612	1,595,297	26,315
452,273	424,661	27,612	1,247,007	1,190,709	56,298
791,168	745,504	45,664	791,168	745,504	45,664
<u>\$ 6,179,914</u>	<u>\$5,532,485</u>	<u>\$ 647,429</u>	<u>\$ 7,086,063</u>	<u>\$6,389,971</u>	<u>\$ 696,092</u>
\$ (1,066,757)	\$ 69,731	\$1,136,488	\$ (1,972,906)	\$ (787,755)	\$1,185,151
12,454	12,454		22,447	22,447	
			896,156	847,493	( 48,663)
\$ (1,054,303)	\$ 82,185	\$1,136,488	\$ (1,054,303)	\$ 82,185	\$1,136,488
( 63,960)	(63,960)		( 63,960)	( 63,960)	-0-
<u>\$ (1,118,263)</u>	<u>\$ 18,225</u>	<u>\$1,136,488</u>	<u>\$ (1,118,263)</u>	<u>\$ 18,225</u>	<u>\$1,136,488</u>

DIVISION OF WORKERS' COMPENSATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1982

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preceding financial statements were prepared from the Statewide Budgeting and Accounting System. They include the financial activity of the Division of Workers' Compensation.

A. Basis of Presentation

The accounts of the state of Montana are, by statute, organized into the fund structure listed in Section 17-2-102 (temporary), MCA. For fiscal year 1982, accounting transactions for the division were recorded on the basis of that structure. However, the financial statement presentation is made on the basis of Section 17-2-102 (effective July 1, 1983), MCA.

B. Fund Structure

For financial presentation purposes, funds have been classified in accordance with Governmental Accounting, Auditing, and Financial Reporting, Statement 1. The funds and account groups presented, their relationship to the state treasury fund structure, and their purposes follow:

- 1) General Fund—To account for all financial resources not accounted for in another fund. This fund corresponds to the State General Fund within the state treasury fund structure.
- 2) Special Revenue Fund—To account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Activities in this fund incorporate federal funds received by the division plus earmarked revenue funds for administration of the workers' compensation, occupational disease, crime victims, and uninsured employers' acts.
- 3) Trust and Agency Funds—To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds and (b) Agency Funds. Expendable trust funds include the trust funds established to pay wage loss and medical benefits. Agency funds include the bonds submitted by private insurance companies which the division is holding to cover any liabilities of the insurer.
- 4) Account Groups—To account for fixed assets and equipment owned by the division.

C. Basis of Accounting

The modified accrual method of accounting recognizes revenue at the time of receipt or when measurable and available, and expenditures when incurred. The division utilizes the modified accrual method of accounting, with the following exceptions:

The liability amount associated with unused accumulated vacation and sick leave at June 30, 1982, is maintained on an hourly basis rather than by dollar amount.

If the appropriation provided funds to complete a given project, the entire amount of a service contract may be accrued even though the services are rendered in fiscal years subsequent to the fiscal year in which the expenditure is accrued.

The anticipated cost of equipment is expensed in the fiscal year in which budgeted.

Goods ordered, but not received as of the fiscal year end, may be accrued if the purchase order was issued in the fiscal year in which the anticipated expenditure is to be accrued.

D. Vacation and Sick Leave

Employees of the division accumulate both vacation and sick leave. Upon termination, employees are paid for 100 percent of unused vacation credits and 25 percent of unused sick leave credits accumulated after July, 1971. Accumulated unpaid liabilities for vacation and sick leave are not reflected in the financial statements of the Division of Workers' Compensation. At June 30, 1982, the value of the liability was not readily determinable. Expenditures for termination pay currently are absorbed in the annual operational costs of the division.

E. Investments

The division's investments are made by the State Board of Investments and are controlled according to statutes applicable to the board. Investments, except mortgages, are presented in the balance sheet at original cost adjusted for discount and premium amortization where applicable. Mortgages are presented in the balance sheet at par value.

F. Bond Exchanges

Bond exchanges involve trading one security for another security having the same par value for the purpose of enhancing portfolio content and/or yield. The Board of Investments defers gains and losses resulting from bond exchanges and amortizes such gains and losses over the shorter of either the remaining life of the bonds sold or the bond purchases for replacement. As shown in the accompanying financial statements at June 30, 1982, the accumulated unamortized deferred costs on bond exchanges aggregated \$5,489,762, and deferred revenue on bond exchanges amounted to \$44,558.

G. Reserves

The State Compensation Insurance Fund employs an independent actuary to determine the adequacy of rates, reserves and restricted fund balance. A copy of the actuary's report as of June 30, 1982, is included as a part of this report. The foregoing financial statements have the State Fund's reserves netted into fund balance. Subsequent supporting statements for the State Fund have the reserves detailed individually.

H. Budgets

The state utilizes a fixed biennial basis of budgeting. Under this method, appropriations of a specific dollar amount are set for each year of the biennium. Budgets for the division are adopted by the Montana State Legislature for all operating entities.

I. General Fund Balance

The State's General Fund beginning and ending fund balance on a non-consolidated basis is zero since any balance in the fund is owed to the consolidated entity at fiscal year end.

## 2. INVESTMENTS

Following is a summary of investments managed by the Board of Investments at June 30, 1982:

State Compensation Insurance Fund:	Carrying Value	Market Value
Mortgages	\$ 302,914	\$ 302,914
Federal Securities	6,621,000	5,079,199
Corporate Bonds	<u>61,122,739</u>	<u>40,337,565</u>
	\$68,046,653	\$45,719,678
Unamortized Premiums	37,291	
Unaccumulated Bond Discounts	<u>(6,241,446)</u>	
	<u>\$61,842,498</u>	<u>\$45,719,678</u>
Volunteer Firemen's Fund:		
Federal Securities	\$ 350,000	\$ 319,158
Corporate Bonds	2,380,000	1,660,152
Short Term Investment Pool	42,747	41,382
Deferred Comp Variable Annuity	<u>248</u>	<u>248</u>
	\$ 2,772,995	\$ 2,020,940
Unamortized Premiums	2,309	
Unaccumulated Bond Discounts	<u>(105,610)</u>	
	<u>\$ 2,669,694</u>	<u>\$ 2,020,940</u>
Uninsured Employers' Fund:		
Short Term Investment Pool	<u>\$ 253,282</u>	<u>\$ 250,930</u>
Subsequent Injury Fund:		
Corporate Bonds	\$ 2,281,000	\$ 1,664,670
Federal Securities	150,000	136,782
Short Term Investment Pool	<u>79,857</u>	<u>79,146</u>
	\$ 2,510,857	\$ 1,880,598
Unaccumulated Bond Discounts	<u>(290,866)</u>	
	<u>\$ 2,219,991</u>	<u>\$ 1,880,598</u>
Crime Victims' Compensation Fund:		
Federal Securities	\$ 400,000	\$ 384,000
Short Term Investment Pool	<u>185,472</u>	<u>179,878</u>
	\$ 585,472	\$ 563,878
Unaccumulated Bond Discounts	<u>( 154)</u>	
	<u>\$ 585,318</u>	<u>\$ 563,878</u>
Net Investments	<u>\$67,570,783</u>	<u>\$50,436,024</u>



### 3. RETIREMENT PLAN

All employees of the division are participants in the Public Employees' Retirement System. This is a contributory plan whereby the state contributes six and two-tenths percent of employee gross wages for retirement and the employee contributes six percent of his gross wage. Costs incurred by the division under this plan were \$150,875 in 1982. Employees are also covered by the federal Social Security system.

The state's policy is to fund accrued pension costs. At June 30, 1982, the Public Employees' Retirement System was determined to be actuarially sound.

### 4. LEASES

The division made payments of approximately \$146,825 for leased facilities in fiscal year 1982. Lease rentals are recorded as expenditures over the lease term as they become payable. Commitments under lease agreements, classified as operating leases, provide for the following minimum lease payments:

1983	\$108,372
1984	68,497

Capital equipment leases for a photocopy machine and an IBM display station provide for the following minimum lease payments:

1983	\$ 9,276
1984	9,276
1985	6,054
1986	2,832
1987	944

### 5. BUILDING

The 47th Legislature appropriated funds for the construction of a Workers' Compensation Building. Annual payments on the building are expensed in the division's operating budget. During fiscal year 1982, a payment of \$1,186,362 was made. Future obligations on the building are as follows:

1983 — \$640,168.10	1990 — \$429,369.60
1984 — 608,026.10	1991 — 402,331.60
1985 — 575,884.10	1992 — 374,149.60
1986 — 543,742.10	1993 — 345,699.20
1987 — 511,600.10	1994 — 316,712.00
1988 — 483,208.00	1995 — 292,556.00
1989 — 456,423.00	

The long-term debt associated with the building is reported on the financial statements of the Department of Administration.

DIVISION OF WORKERS' COMPENSATION  
SCHEDULE OF FEDERAL GRANTS AND SUBGRANTS  
GRANT AWARDS, RECEIPTS, AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1982

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<u>Grant Name &amp; Number</u>	<u>Grant Award</u>	<u>Receipts</u>	<u>Expenditures</u>
U.S. Department of:	\$	\$	\$
Labor:			
Mine Safety & Health Administration	34,119	30,714	32,209
Training & Education of Miners, Operators			
and Agents in Mine Health & Safety			
#G2690213			
Occupational Safety & Health Administration	71,600	45,719	45,719
7(C) 1 On-Site Consultation (OSHA/1908)			
#J9F-2-0981			
Bureau of Labor Statistics-OSHA Statistical	37,200	34,442	34,442
Grant Program-#08-81-40-02-82			

Grant award amounts are based on Federal fiscal year.

This statement provides the detail expenditure activity and the funding sources for each of the Division's four programs for the period ended June 30, 1982.

**PROGRAM COST STATEMENT  
(EXCLUDING STATE COMPENSATION INSURANCE FUND)  
FISCAL YEAR ENDED JUNE 30, 1982**

<b>COSTS</b>	<b>Adminis- tration Program</b>	<b>State Fund Program</b>	<b>Compli- ance Program</b>	<b>Safety &amp; Health Program</b>
Personal Services:				
Salaries	\$ 944,457	\$ 738,069	\$ 274,616	\$430,185
Employee Benefits	<u>188,137</u>	<u>154,966</u>	<u>57,514</u>	<u>90,189</u>
Sub-Total	<u>\$1,132,594</u>	<u>\$ 893,035</u>	<u>\$ 332,130</u>	<u>\$520,374</u>
Operating Expenses:				
Contracted Services	\$ 201,521	\$ 340,726	\$ 29,126	\$ 13,375
Supplies & Materials	20,818	91,764	4,636	25,967
Communications	34,123	108,315	28,979	18,647
Travel	74,599	39,051	480	107,848
Rent	58,601	48,707	21,043	30,525
Utilities	6,184	5,010	3,420	756
Repairs & Maintenance	12,992	12,098	5,099	6,134
Other Expenses	<u>3,647</u>	<u>5,221</u>	<u>315</u>	<u>2,071</u>
Sub-Total	<u>\$ 412,485</u>	<u>\$ 650,892</u>	<u>\$ 93,098</u>	<u>\$205,323</u>
Equipment	<u>\$ 35,582</u>	<u>\$ 51,370</u>	<u>\$ 9,193</u>	<u>\$ 19,807</u>
Transfers	<u>\$1,186,362</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Benefits	<u>\$ 91,438</u>	<u>\$ -0-</u>	<u>\$ 756,288</u>	<u>-0-</u>
<b>TOTAL PROGRAM COSTS</b>	<u><u>\$2,858,461</u></u>	<u><u>\$1,595,297</u></u>	<u><u>\$1,190,709</u></u>	<u><u>\$745,504</u></u>
<b>SUMMARY OF FUNDING</b>				
General Fund	\$ 91,438	\$	\$ 766,048	\$ -0-
Earmarked Revenue Fund	2,732,582	1,595,297	424,661	713,295
Federal & Private Revenue Fund	<u>34,441</u>	<u>-0-</u>	<u>-0-</u>	<u>32,209</u>
<b>TOTAL FUNDING</b>	<u><u>\$2,858,461</u></u>	<u><u>\$1,595,297</u></u>	<u><u>\$1,190,709</u></u>	<u><u>\$745,504</u></u>

**BALANCE SHEET—JUNE 30, 1982**  
**(EXCLUDING STATE COMPENSATION INSURANCE FUND)**

	General Fund	Earmarked Revenue Fund	Federal & Private Revenue Fund	
		Division Administration	Mine Safety	OSHA Statistics
<b>ASSETS</b>				
Cash	\$ 1,000	\$166,622	\$ 2,664	\$ 334
Receivables	0	49,568	16,879	8,190
Inter-Entity Loans Receivable	0	19,500	0	0
Investments	0	0	0	0
Interest Purchased	0	0	0	0
Property Held in Trust	0	0	0	0
Expense Advances to Employees	0	21,833	0	0
Other Prepayments	63,400	14,090	0	0
Available to Pay Accrued Expenditures	387	0	0	0
<b>TOTAL ASSETS</b>	<u>\$64,787</u>	<u>\$271,613</u>	<u>\$19,543</u>	<u>\$8,524</u>
<b>LIABILITIES</b>				
Inter-Entity Loans Payable	\$ 0	\$ 0	\$19,000	\$ 500
Accounts Payable	387	217,733	1,645	1,097
Accrued Support Expenditures	0	33,399	333	21
Contingent Liabilities	0	0	0	0
Allowance for Contingent Liabilities	0	0	0	0
Deferred Revenue	0	821	0	6,906
Deferred Losses	0	0	0	0
Bonds Held in Trust	0	0	0	0
Due to Consolidated Entity	64,400	0	0	0
<b>FUND BALANCE</b>	<u>0</u>	<u>19,660</u>	<u>(1,435)</u>	<u>0</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$64,787</u>	<u>\$271,613</u>	<u>\$19,543</u>	<u>\$8,524</u>

(1) An allowance for uncollectibles of 70% has been deducted.

(2) In order to determine operating Fund Balance, Allowance for Contingent Liabilities (reserves) must be subtracted from this figure.

[illegible]

**STATEMENT OF CHANGES IN FUND BALANCE  
(EXCLUDING STATE COMPENSATION INSURANCE FUND)  
FISCAL YEAR ENDED JUNE 30, 1982**

	<u>General Fund</u>	<u>Earmarked Revenue Fund Division Adminis- tration</u>
FUND BALANCE, JULY 1, 1981	\$ 0	\$ (63,960)
<b>ADDITIONS</b>		
Legislative Appropriations	\$906,149	\$ 0
Receipts:		
Licenses & Permits	0	29,547
Service Fees	0	1,050,386
Fines	0	0
Reimbursements	0	45,967
Income Collections & Transfers	0	4,411,160
Investment Earnings	0	0
Fiduciary & Trust	0	0
Federal Assistance	0	0
<b>TOTAL ADDITIONS AND FUND BALANCE</b>	<u>\$906,149</u>	<u>\$5,473,100</u>
<b>DEDUCTIONS</b>		
Support Expenditures	\$ 9,768	\$5,465,834
Withdrawals	0	0
Benefits	847,718	0
Reversions	<u>58,656*</u>	<u>0</u>
<b>TOTAL DEDUCTIONS</b>	<u>\$916,142</u>	<u>\$5,465,834</u>
<b>PRIOR YEAR ADJUSTMENTS</b>		
Revenue	\$ 0	\$ (10)
Expenditures	<u>( 9,993)</u>	<u>( 12,404)</u>
<b>TOTAL ADJUSTMENTS</b>	<u>\$ 9,993</u>	<u>\$ 12,394</u>
FUND BALANCE JUNE 30, 1982	<u>\$ 0</u>	<u>\$ 19,660</u>

\*Expenses pertaining to the fiscal year that were not accrued at year end may be paid from the reversions.

Federal & Private Revenue Fund		Agency Fund			
Mine Safety	OSHA Statistics	Volunteer Firemen	Subsequent Injury	Uninsured Employers	Crime Victims' Compensation
\$ 0	\$ 0	\$2,481,484	\$2,301,911	\$142,993	\$509,400
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	42,000	0
0	0	0	0	275,684	339,818
0	0	0	0	0	0
0	0	0	0	0	0
0	0	243,859	212,856	18,915	40,269
0	0	296,545	0	54,580	10,164
<u>30,714</u>	<u>34,442</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$30,714</u>	<u>\$34,442</u>	<u>\$3,021,888</u>	<u>\$2,514,767</u>	<u>\$534,172</u>	<u>\$899,651</u>
\$32,209	\$34,442	\$ 0	\$ 0	\$ 0	\$ 0
0	0	291,481	22,463	238,460	329,247
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$32,209</u>	<u>\$34,442</u>	<u>\$ 291,481</u>	<u>\$ 22,463</u>	<u>\$238,460</u>	<u>\$329,247</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,081	\$ 0
(60)	0	(604)	0	(26,162)	0
\$ 60	\$ 0	\$ 604	\$ 0	\$ 13,081	\$ 0
<u>\$ (1,435)</u>	<u>\$ 0</u>	<u>\$2,731,011</u>	<u>\$2,492,304</u>	<u>\$308,793</u>	<u>\$570,404</u>

This statement identifies, by source of revenue, the receipts collected during the fiscal years ended June 30, 1982 and June 30, 1981. All funds, except the General Fund, receive revenue collected by the Division from outside sources. Disbursements cannot be made until the Division collects and deposits these receipts in the proper fund within the Treasury System.

**COMPARATIVE STATEMENT OF SOURCES OF REVENUE  
(EXCLUDING STATE COMPENSATION INSURANCE FUND)  
FISCAL YEARS ENDED JUNE 30, 1982 AND JUNE 30, 1981**

	<u>1982</u>		<u>1981</u>	
Licenses and Permits:				
Engineer Licenses	\$	\$ 29,547	\$	\$ 27,113
Service Fees:				
Copies of Documents	3,599		2,656	
Plan I Assessments	285,362		287,668	
Plan II Assessments	871,055		636,338	
Crime Victims Assessments	41,640		50,536	
Uninsured Employers Assessments	54,434		229,140	
Fatality Assessments	42,000		36,000	
Total Assessments	\$1,298,090		\$1,242,338	
Less Transfers To:				
Workers' Compensation Judge	(198,065)		(143,686)	
Commissioner of Labor	( 7,639)	1,092,386	( 4,133)	1,094,519
Investment Earnings:				
Corporate Bonds	\$ 2,410		\$ 90	
Industrial Bonds	280,101		214,430	
Railroad Equipment Trusts	8,600		31,387	
Public Utility Securities	103,817		78,528	
Federal Agencies	83,658		78,803	
Annual Modified Income	4,036		594	
Short Term Investment Pool	33,277	515,899	46,384	450,216
Fines:				
Motor Vehicle	\$ 287,454		\$ 196,991	
Civil Penalties	328,048	615,502	668,011	865,002
Reimbursements:				
On-Site Consultation	\$ 45,719		\$ 44,883	
Jury Duty & Witness Fees	248	45,967	-0-	44,883
Fiduciary & Trust:				
Penalties & Interest	\$ 122		\$ 282	
Bad Debts Recovered	54,466		50,837	
Recovery	6,851		133,585	
Firemen's Relief Fund Contributions	296,545		275,408	
Subrogation	3,305	361,289	-0-	460,112
Income Collections & Transfers:				
State Compensation Insurance Fund	\$4,477,376		\$2,471,349	
Less Transfers To:				
Workers' Compensation Judge	(46,460)		(41,476)	
Commissioner of Labor	(20,906)		(10,875)	
Workers' Compensation Dividend	1,150	4,411,160	2,579	2,421,577
Federal Assistance:				
Federal Department of Labor:				
Survey Program	\$ 34,442		\$ 37,986	
Mining Education	30,714		28,107	
CETA-PSE	-0-	65,156	8,100	74,193
<b>TOTAL REVENUES</b>		<u>\$7,136,906</u>		<u>\$5,437,615</u>



## COMPARATIVE SUMMARY OF PLANS I, II, AND III

The Montana Workers' Compensation and Occupational Disease Acts allow employers to obtain the required insurance coverage by one of three methods. These methods include: (1) self-insurance under Compensation Plan No. I, where firms with proven financial ability pay directly to the injured workers; (2) coverage with a private insurance company licensed to write workers' compensation insurance in Montana, known as Compensation Plan No. II; and (3) coverage with the State Compensation Insurance Fund, a state operated insurance program, known as Compensation Plan No. III.

The following table compares the overall activity of the three plans for three fiscal years:

	<u>1979-1980</u>	<u>1980-1981</u>	<u>1981-1982</u>
<u>Plan I—Self-Insurance</u>			
Number of employers enrolled	69	67	59
*Gross annual payroll	\$449,310,157	\$465,163,177	\$503,270,065
Number of work injuries reported	4,061	4,236	3,440
Number of claims filed	1,003	868	721
Occupational disease cases reported per federal standards	29	19	18
Compensation benefits paid	\$3,278,817	\$3,769,779	\$4,639,479
Medical & burial benefits paid	\$1,428,472	\$1,662,131	\$2,094,581
Subsequent injury fund payments	\$2,000	\$0	\$0
Uninsured employers assessments	\$5,000	\$7,000	\$2,000
<u>Plan II—Private Carriers</u>			
Number of employers enrolled	9,472	9,507	9,556
*Annual premium	\$25,912,544	\$26,392,869	\$26,405,789
Number of work injuries reported	13,300	12,369	12,649
Number of claims filed	2,006	2,181	2,235
Occupational disease cases reported per federal standards	92	25	68
Compensation benefits paid	\$10,137,449	\$10,875,669	\$14,631,178
Medical & burial benefits paid	\$4,303,102	\$4,783,380	\$6,325,371
Subsequent injury fund payments	\$0	\$0	\$0
Uninsured employers assessments	\$21,000	\$13,000	\$21,000
<u>Plan III—State Fund</u>			
Number of employers enrolled	20,838	22,389	22,399
Annual premium	\$26,453,202	\$28,343,967	\$33,130,446
Number of work injuries reported	17,375	17,283	15,864
Number of claims filed	3,039	2,928	2,845
Occupational disease cases reported per federal standards	122	145	85
Compensation benefits paid	\$14,592,039	\$16,354,209	\$18,994,422
Medical & burial benefits paid	\$6,355,624	\$7,084,644	\$8,438,557
Subsequent injury fund payments	\$0	\$0	\$0
Uninsured employers assessments	\$21,000	\$16,000	\$19,000

\*Figures shown on calendar year basis.

### SECTION III STATE COMPENSATION INSURANCE FUND

Investment income in fiscal year 1982 grew by \$520,902 to \$5.7 million. The Fund's bond portfolio yielded 10.47 percent compared to 9.32 percent for fiscal year 1981.

Substantial growth in claims expense was also experienced. Claims expense rose from \$23.4 million last year to \$27.4 million in fiscal year 1982, an increase of 17 percent, while operational expenses were \$4.7 million. Claims processed and accidents reported to the State Fund decreased by 7.4 percent. This was the first year in recent times that premium reflects an increase in rates. Rates were raised approximately 18 percent.

As in past years, the Division employed an independent actuary to review the financial and actuarial soundness of the State Compensation Insurance Fund. The report may be found on page 28 of this section. The actuary was also employed to review payroll and accident experience, recommend rate changes, and advise the Division on claim reserving policies.

STATE COMPENSATION INSURANCE FUND  
BALANCE SHEET  
JUNE 30, 1982

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ASSETS

Cash in Treasury		\$	525,145
Premium Due and Billed			836,099
Unbilled Premium Receivable			7,450,238
Notes Receivable			153,875
Adjusted Accounts Receivable			256,615
Property Held in Trust			2,172,426
Investments:			
Mortgages	\$	302,914	
Federal Securities		6,621,000	
Corporate Bonds		60,422,739	
Commercial Paper		500,000	
Securities on Loan		<u>200,000</u>	\$68,046,653
Plus: Unamortized Premiums	\$	37,291	
Interest Purchased		<u>85,649</u>	122,940
Less: Unaccumulated Bond Discounts			<u>(6,241,446)</u>
Net Investments			<u>61,928,147</u>
TOTAL ASSETS			<u>\$73,322,545</u>

LIABILITIES, RESERVES AND FUND BALANCE

LIABILITIES			
Dividends Payable Prior Year	\$	56,500	
Dividends Payable Current Year		2,001,057	
Adjusted Accounts Payable		9,026	
Advance Deposits		6,022,481	
Advance Premium Collections		420,548	
Deferred Revenue on Bond Exchanges		40,219	
Deferred Costs on Bond Exchanges		<u>(5,159,594)</u>	\$ 3,390,237
CLAIM RESERVES			
Compensation Benefits	\$53,081,152		
Medical Benefits	10,539,397		
Medical Only Benefits	<u>572,000</u>		64,192,549
FUND BALANCE			
Restricted:			
Provision for Claim Fluctuation	\$	1,272,575	
Provision for Medical and Hospital Cost Fluctuation		600,000	
Provision for Rate Stabilization		731,448	
Provision for Catastrophes		2,400,000	
Provision for Changes in Security Valuation		<u>735,736</u>	<u>5,739,759</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE			<u>\$73,322,545</u>

STATE COMPENSATION INSURANCE FUND  
STATEMENT OF OPERATIONS AND CHANGES IN RESERVES  
FOR FISCAL YEAR ENDED JUNE 30, 1982

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INCOME

Net Premium		\$33,130,446
Current Year Unbilled Premium	\$ 7,450,238	
Less: Prior Year Unbilled Premium Received in Current Year	<u>(6,849,008)</u>	<u>601,230</u>
Total Earned Premium		\$33,731,676
Interest Earnings on Investments		5,758,864
Other Income		<u>431,967</u>
Total Current Year's Income		\$39,922,507
Prior Year's Adjustments, Net		<u>37,957</u>
Total Income		\$39,960,464

EXPENSES

Claims Expenses:		
Compensation Benefits	\$18,994,422	
Medical Benefits	<u>8,438,557</u>	
Total Claims Expenses	<u>\$27,432,979</u>	
Other Expenses:		
Administrative Assessment	\$ 4,452,054	
Bad Debts	267,931	
Rehabilitation Assessment	162,380	
Structured Settlements-Interest	<u>85,062</u>	
Total Other Expenses	<u>\$ 4,967,427</u>	
Total Expenses		<u>32,400,406</u>
RESULTS OF OPERATIONS BEFORE CHANGES IN RESERVES		\$ 7,560,058
Less: Changes in Reserves:		
Compensation Benefits	\$ 3,500,802	
Medical Benefits	<u>2,558,199</u>	<u>6,059,001</u>
RESULTS OF OPERATIONS AFTER CHANGES IN RESERVES		\$ 1,501,057
Changes to Fund Balance:		
Increases:		
Provisions for Changes in Rate Stabilization	\$ (324,055)	
Decreases:		
Provisions for Changes in Security Valuation	<u>824,055</u>	
Total Deductions		<u>500,000</u>
AVAILABLE FOR DIVIDEND DISTRIBUTION		<u>\$ 2,001,057</u>

STATE COMPENSATION INSURANCE FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 1982

Fund Balance, Beginning of Year (as restated)	\$ 6,239,759
Increases in Fund Balance:	
Current Year's Results of Operations	<u>1,501,057</u>
Fund Balance Before Dividends Payable	\$ 7,740,816
Dividends Payable for Fiscal Year 1982	<u>2,001,057</u>
Fund Balance, End of Year	<u><u>\$ 5,739,759</u></u>

The preceding statements reflect the financial activity and condition of the State Fund for the fiscal year ended June 30, 1982.

The balance sheet shows the financial status of the fund as of June 30, 1982. The changes in claim reserves and fund balance accounts were either calculated or reviewed by an independent actuary. Based on the actuary's recommendation, the previously used reserve accounts for "unreported claims," "reopened claims," and "claims expense" are not shown on the balance sheet as separate items, but are included in the other "claim reserve" accounts shown on the balance sheet.

The statement of operations and changes in reserves shows the fund's financial activity during the year.

COATES, HERFURTH & ENGLAND, INC.  
ACTUARIES AND CONSULTANTS  
320 CALIFORNIA STREET, SUITE 501  
SAN FRANCISCO 94104  
TELEPHONE (415) 433-4440

December 3, 1982

Workers' Compensation Division  
Department of Labor and Industry  
State of Montana  
815 Front Street  
Helena, Montana 59601

Gentlemen:

We have examined the methods and procedures utilized by the Workers' Compensation Division of the Department of Labor and Industry of the State of Montana in the determination of its liabilities for compensation, hospital, medical and other benefits as of the close of its fiscal year June 30, 1982, under Compensation Plan #3, as set forth in the Workers' Compensation Act. Our examination included a determination of the appropriateness of the underlying methods and procedures, such review of the basic records as we considered necessary in the circumstances and an analysis of the results so obtained.

The resulting liabilities for benefits to be paid, so determined, may be summarized as follows:

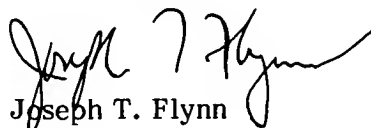
Compensation benefits	\$53,081,152
Medical benefits	10,539,397
Medical only benefits	<u>572,000</u>
Total	\$64,192,549

In addition to the above amounts for claim liabilities and reserves, the Fund is maintaining a claim fluctuation reserve of \$1,272,575 and a Rate Stabilization reserve of \$731,448, together with combined reserves for catastrophe and medical cost fluctuations of \$3,000,000. A security valuation reserve of \$735,736 is also maintained.

In our opinion, the above claim liabilities are based upon the benefits provided under the Workers' Compensation Act of the State of Montana. Further, in our opinion, on the basis of the information and procedures referred to above, and upon our assumption that the procedures of the Division are adequate to properly establish and maintain records required for this purpose, such liabilities in the aggregate are reasonable and appropriate as of that date, and that the Fund is in a sound actuarial and financial position.

By following this procedure each year and by reviewing and adjusting the rates each year to reflect changing benefits and experience, in our opinion, the Fund can continue to be maintained on a sound actuarial and financial basis.

Sincerely yours,

  
Joseph T. Flynn

JTF/ms

## SECTION IV UNINSURED EMPLOYERS' FUND

In 1977, Montana Legislature enacted the provisions of the Uninsured Employers' Fund. The purpose of this Fund is to pay an injured worker the same benefits the employee would have received had the employer been properly enrolled with a workers' compensation insurer. The same Act provided that the primary revenue source for funding the Fund would be generated through fines and penalties assessed on uninsured employers in an amount of either double the premium the employer would have paid had he been properly enrolled with the State Compensation Insurance Fund or a minimum of \$200, whichever would be greater. The Act allows the Division to go back to July 1, 1977, in making a determination of the amount of fine and penalty due. The Act also provides that an uninsured employer is liable for all wage loss and medical benefits paid for the injured employee. However, it limits the employer's liability to \$30,000 per individual.

The benefit provisions of the Act are the same as those applied by the Workers' Compensation Act. The Division has authority to collect the amounts due through suit if necessary and, also, to compromise amounts due. In cases where the Division discovers an uninsured employer, the statute provides that it may order the employer to cease operations until the firm is properly covered by workers' compensation insurance. The employer who does not comply with this provision is guilty of a misdemeanor.

An injured employee has the option to elect to receive benefits from the Uninsured Employers' Fund or to pursue a damage action against the employer. Benefits paid from the Fund are not granted as an entitlement to injured workers and may be paid only in accordance with sums accumulated in the Fund. If the Division determines, at any time, that sums in the Fund are not adequate to fully pay all claims, the Division may take appropriate measures to proportionately reduce benefits to all claimants. In January of 1981, the Division declared the Fund insolvent, thereby eliminating benefits. As of this writing, the Fund is still insolvent.

### STATISTICAL ACTIVITY

	<u>F/Y 1981</u>	<u>F/Y 1982</u>
Number of Compensation Claims Paid	34	0
Number of Investigations Made	684	634
Number of Audits Performed	327	57
Number of Employers Fined	446	228
Number of Accounts Referred for Collection	185	124
Amount of Billed Fines & Assessments Collected	\$219,968	\$113,392

### FINANCIAL ACTIVITY

	<u>F/Y 1981</u>		<u>F/Y 1982</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue Sources:				
Fines & Penalties Billed	\$545,348	70.1%	\$275,684	70.5%
Recovery of Benefits Paid	133,382	17.1	0	0
Fatality Assessments	36,000	4.6	42,000	10.7
Bad Debts Recovered	50,496	6.5	54,458	13.9
Interest Earnings	<u>13,384</u>	<u>1.7</u>	<u>19,037</u>	<u>4.9</u>
<b>TOTAL REVENUE</b>	<u><u>\$778,610</u></u>	<u><u>100.0%</u></u>	<u><u>\$391,179</u></u>	<u><u>100.0%</u></u>
Program Costs:				
Benefits Paid	\$155,633		\$ 0	
Amount Referred for Collection	562,551		158,019	
Administrative Expense	<u>229,140</u>		<u>77,450</u>	
<b>TOTAL COSTS</b>	<u><u>\$947,324</u></u>		<u><u>\$235,469</u></u>	

## SECTION V CRIME VICTIMS' COMPENSATION

The Crime Victims' Compensation Act created by the Montana Legislature became effective January 1, 1978. It was the intent of this legislation to provide a method of compensation and assisting innocent victims who suffered bodily injury or death as a result of a criminal act. The Act creates a fund which receives 18% of the fines assessed by the Montana Highway Patrol on all offenses involving a violation of the Montana traffic codes relating to the use or operation of motor vehicles.

Compensation benefits are awarded both for wage loss and medical services. The weekly wage loss benefit awarded is set at two-thirds of the wages received at the time of the occurrence subject to a maximum of \$125 per week. The claimant must suffer a wage loss for one week before compensation is due, and then compensation is paid from the date wage loss began. Medical providers are reimbursed for reasonable services of a physician or surgeon, hospital care, and medicine. Additionally, funeral and burial expenses of the victim, not exceeding \$1,100 are paid if all other collateral sources have not covered these costs. Awards are limited by collateral sources, which include, but are not limited to, benefits readily available to the victim from the offender, the United States government, social security, medicare or medicaid, workers' compensation, wage continuation programs, or proceeds of an insurance contract.

To be eligible for benefits the victim must file a claim within one year from the date of the criminally injurious conduct, may not be an offender or accomplice of the offender, and must notify law enforcement of the occurrence within 72 hours. The victim must also cooperate fully with all law enforcement agencies and prosecuting attorneys in the apprehension and prosecution of the offender. Benefits may be denied or proportionately reduced if the victim contributed to the infliction of the injury. Compensation payable to the victim and all of the victim's dependents in case of death is limited to an aggregate of \$25,000. Awards of compensation benefits may also be made to victims who were employable but not employed at the time of the incident. Wage loss benefits in these cases are limited to \$100 per week or an aggregate of \$20,000.

### INCIDENT PROFILES

The victim, a female age 26, got off work about midnight and went home. At 1:00 a.m. the police were called by one of the victim's children. They found the victim severely beaten about the head, unconscious. She was transported to the hospital where she died nine days later, never regaining consciousness. Her ex-husband was charged with the crime. The divorce had been final approximately one month. Benefits were granted to the two minor children for medical, funeral, and wage loss compensation. Social security payments totally offset the wage loss.

Award: Medical-\$11,576—Funeral-\$1,100  
Total-\$12,676

The victim, a male age 20, was in a bar and made some offensive physical contact with a female. The female's friend objected to this, and an argument ensued. Later in the evening, the victim renewed the argument by namecalling which led to a fight. The victim did not wish to sign a complaint at first. A day later, he did wish to sign a complaint, but the county attorney declined prosecution.

Denied: 100% Contribution



The victim, a female age 36, was in a bar with several friends when the offender came over and started a conversation with her and her friends. He made a bet with one of her friends, the friend lost and paid the \$20 bet. He then bet with the victim. The victim agreed, put her money down and won the bet. The victim then noticed that all the money was missing and that the offender was running out the door. The victim followed him and shouted at him. When the victim was close to the offender, he turned and stabbed her in the stomach. Medical insurance paid \$977.40 on the medical expenses.

Award: Medical-\$390.03—Wage Loss-\$1,500  
Total-\$1,890.03

The victim, a female age 68, was walking down the street when a 20-year-old male grabbed her purse and knocked her to the ground, bruising her hip. The offender was apprehended by bystanders in the area and was ordered to pay restitution as part of his sentence. Benefits were awarded, and the file closed without payments as medicare and restitution from the offender paid for expenses.

Award: Collateral sources paid expenses

The victim, a male age 66, and his wife returned home. There were two men who had broken into their home. The offenders began beating on the victim and then shot him. They attempted to force the victim to open a safe, but he was unable to do so. Then the offenders forced the victim's wife to open the safe. The victims were tied up and left. Medicare paid medical expenses of \$5,202.79.

Award: Medical expense-\$460.97

### STATISTICAL ACTIVITY

	<u>F/Y 1981</u>	<u>F/Y 1982</u>
Claim Information		
Number of Claims Received	<u>179</u>	<u>190</u>
Source of Knowledge:		
Attorney	10	12
Government Agency	4	9
Law Enforcement	27	39
Medical Profession	40	70
Relative or Friend	26	4
Victim	59	42
Other	<u>13</u>	<u>14</u>
	<u>179</u>	<u>190</u>
Claim Disposition		
Denied Claims	36	30
Accepted Claims	143	160
Type of Crime		
Aggravated Assault	65	76
Assault	54	50
Attempted Homicide	4	4
Burglary	1	0
Homicide	22	18
Kidnap	1	0
Rape	13	16
Sexual Assault	2	2
Strong Armed Robbery	12	14
Traffic	5	6
No Crime	<u>0</u>	<u>4</u>
TOTAL TYPE	<u>179</u>	<u>190</u>

	<u>F/Y 1981</u>	<u>F/Y 1982</u>
Victim Profile		
Sex:		
Male	114	122
Female	65	68
	<u>179</u>	<u>190</u>
Average Age:		
Male	30.5	29.1
Female	31.9	30.0
Age Range:		
Male	1-83	5-67
Female	6-83	6-87
Employment Status:		
Employed	99	103
Unemployed	48	58
Student	19	21
Retired	11	6
Child	2	2
	<u>179</u>	<u>190</u>
Location of Crime		
Bar/Bar Lot	30	50
(Innocent Bystander)	6	0
Field/Countryside	12	5
Highway	6	0
Offender's Home	5	6
Offender's Workplace	2	1
Other's Home	12	25
Public Business	3	7
School	3	0
Street/Alley/Lot	46	50
Victim's Home	42	33
Victim's Workplace	8	10
Other	4	3
	<u>179</u>	<u>190</u>

## FINANCIAL ACTIVITY

	<u>F/Y 1981</u>		<u>F/Y 1982</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue Sources:				
Justice of Peace Fines	\$122,663	33%	\$ 52,364	12%
County Motor Vehicle Fines	53,365	14	18,667	8
City Motor Vehicle Fines	143,627	39	44,875	11
Highway Patrol Fines	-0-	0	223,913	56
Subrogations	-0-	0	3,305	1
Restitution Recoveries	203	0	6,851	2
Interest Earnings	50,635	14	40,268	10
Bad Debts Recovered	341	0	8	0
	<u>370,834</u>	<u>100%</u>	<u>390,251</u>	<u>100%</u>
TOTAL REVENUE	<u>\$370,834</u>	<u>100%</u>	<u>\$390,251</u>	<u>100%</u>
Program Costs:				
Benefits Paid	\$271,023	84%	\$287,606	87%
Administrative Expense	50,536	16	41,641	13
TOTAL COSTS	<u>\$321,559</u>	<u>100%</u>	<u>\$329,247</u>	<u>100%</u>

## SECTION VI WORK INJURY REPORTS

The Division, through its Administrative Support Bureau, Data Processing and Statistical Unit, collects a variety of statistics concerning the nature and cause of industrial work injuries. Accident data is coded from reports submitted by employers and employees, using the standardized coding system adopted by the Bureau of Labor Statistics. The following tables and graphs present this information on an annual basis. As of September 20, 1982, 31,953 accidents have been reported to the Division as occurring during the fiscal year ended June 30, 1982. These tables show the number of reported accidents, the cause of accidents by major industry, type of disability, nature of injury, part of body affected, accident type, source of injury, age and sex. The first table shows the total injuries reported over the past ten years. The following pages give a detailed analysis of the totals for the current fiscal year. The last page in this section shows a summary of the data collected and compiled by the Statistical Unit as a cooperating state agency under a federal grant with the Bureau of Labor Statistics. Additional information from past years can be compiled as needed on a request basis, should employers have a need for such information.

A review of the tables presented in this section in relation to individual firms' accident experience can be of value in developing appropriate safety programs or improving existing programs. Currently, the Division participates with the U.S. Department of Labor in a safety consultation program. Division personnel perform on-site consultation inspections to assist employers in understanding the requirements of applicable safety laws, identifying health and safety hazards, and eliminating or controlling these hazards successfully. Upon request, safety personnel perform these inspections at no charge to the employer.

## DEGREE INJURIES AFFECTED THE EMPLOYEE'S ABILITY TO RETURN TO THE NEXT SCHEDULED WORK SHIFT

With the implementation of the Division's Management Information System in 1976, a new coding format was instituted to better identify the effect an injury has on an employee's work attendance. Prior to fiscal year 1977, the accident was coded either as disabling, which meant the injured party was unable to return to the next scheduled work shift, or nondisabling, which meant that no work time was lost beyond the day of the accident. All accident information coded was from the initial report with no further adjustment effort.

The new reporting format allows the Division more flexibility in identifying lost time injuries. "Lost Time Injuries" refers to those cases where the employee had a medical cost associated with the accident and failed to report to the next scheduled work shift. "No Lost Time Injuries" refers to cases where there was a medical cost involved but the employee attended the next work shift. The minor injuries column refers to cases where a minimal medical cost was initially reported and the employee lost no work time, and therefore considered a minor injury under the OSHA standards. Cases where a firm determination could not be made as to medical cost or lost time were classified as "Unknown." The reader should be cautioned against attempts to make valid comparisons between the two reporting formats.

<u>Year</u>	<u>Total Injuries</u>	<u>Dis- abling</u>	<u>Percent of Total</u>	<u>Nondis- abling</u>	<u>Percent of Total</u>	<u>Undeter- mined</u>	<u>Percent of Total</u>
1971-72	22,439	6,180	27.5	15,005	66.9	1,254	5.6
1972-73	23,821	6,927	29.1	15,938	66.9	956	4.0
1973-74	27,097	8,394	31.0	17,733	65.4	970	3.6
1974-75	27,120	7,875	29.0	18,312	67.5	933	3.5
1975-76	29,415	8,589	29.2	19,591	66.6	1,235	4.2

<u>Year</u>	<u>Total Injuries</u>	<u>Lost Time Injuries</u>	<u>No Lost Time Injuries</u>	<u>Minor Injuries Not Recordable by OSHA Standards</u>	<u>Fatalities</u>	<u>Unknown</u>
1976-77	31,734	9,760	2,263	15,271	46	4,394
1977-78	32,060	9,668	2,172	16,965	50	3,205
1978-79	34,295	10,185	2,016	17,923	38	4,133
1979-80	34,736	10,306	2,297	18,258	37	3,838
1980-81	33,888	10,127	2,155	18,453	45	3,108
1981-82	31,953	8,903	1,253	18,099	44	3,654

## CAUSE OF FATALITIES WITHIN MAJOR INDUSTRY

The table below provides an overview of work related fatalities in Montana by compensation plan during fiscal year 1982. Montana industries reported 44 work related fatalities this year, compared with 45 last year.

<u>INDUSTRY</u>	<u>PLAN I</u>	<u>PLAN II</u>	<u>PLAN III</u>	<u>TOTAL</u>
<b>AGRICULTURE</b>				
Electrocution .....	0	0	1	1
Drowning .....	0	0	1	1
Truck Rolled Over .....	0	0	1	1
<b>MINING</b>				
Electrocution .....	0	1	0	1
Auto Accident .....	1	2	2	5
Mining Explosion .....	0	0	1	1
Run Over by Truck .....	0	0	1	1
<b>CONSTRUCTION</b>				
Fall from Elevation .....	0	2	0	2
Auto Accident .....	0	1	1	2
Crushed by Truck .....	0	0	1	1
Caught Under Grain Bin .....	0	1	0	1
Struck by Cat .....	0	0	1	1
Electrocution .....	0	0	1	1
<b>MANUFACTURING</b>				
Crushed by Falling Plywood .....	1	0	0	1
Auto Accident .....	0	1	0	1
<b>TRANSPORTATION</b>				
Struck by Falling Gates .....	0	1	0	1
Truck Rolled Over .....	0	0	1	1
Auto Accident .....	1	1	2	4
Plane Crash .....	0	3	1	4
Truck Hit Train .....	0	1	0	1
Struck by Flying Pipe .....	0	0	1	1
<b>TRADE</b>				
Auto Accident .....	0	5	0	5
Caught In Auger .....	0	1	0	1
Electrocution .....	0	1	1	2
Burned In Fire .....	0	0	1	1
<b>SERVICES</b>				
Drowning .....	0	1	0	1
Car Accident .....	0	1	0	1
<b>TOTALS</b> .....	<u>3</u>	<u>23</u>	<u>18</u>	<u>44</u>

## NATURE AND OCCURRENCE OF WORK INJURIES IN MONTANA

The following narratives and tables reflect data on the nature and occurrence of work injuries as reported to and compiled by the Division. The Division classifies and codes reported accidents in accordance with uniform federal guidelines. As of September 20, 1982, employers and insurance companies reported a total of 31,953 industrial accidents occurring in the fiscal year ended June 30, 1982.

### Nature of Injury

The nature of injury identifies the injury in terms of its principal physical characteristics.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Burns . . . . .	1,720	5.4
Open wounds . . . . .	9,988	31.3
Strains . . . . .	10,770	33.7
Fractures . . . . .	2,283	7.1
Diseases . . . . .	155	.5
Bruises . . . . .	4,127	12.9
Multiple . . . . .	332	1.0
Other . . . . .	376	1.2
Not classified . . . . .	2,202	6.9
TOTAL . . . . .	31,953	100.0

### Part of Body

The part of body identifies the part of the injured person's body directly affected by injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Head, face and neck . . . . .	1,827	5.7
Eyes . . . . .	3,673	11.5
Body systems . . . . .	485	1.5
Trunk . . . . .	2,808	8.8
Back and spine . . . . .	6,689	20.9
Arms and wrists . . . . .	2,685	8.4
Hands and fingers . . . . .	6,907	21.6
Upper extremities . . . . .	150	.5
Legs and ankles . . . . .	3,900	12.2
Feet and toes . . . . .	1,524	4.8
Lower extremities . . . . .	50	.2
Body multiple . . . . .	843	2.6
Not classified . . . . .	412	1.3
TOTAL . . . . .	31,953	100.0

### Accident Type

The accident type identifies the event which directly resulted in the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Struck by object . . . . .	12,041	37.7
Caught in, on, or between . . . . .	1,235	3.9
Slips and falls . . . . .	4,053	12.7
Motor vehicle . . . . .	637	2.0
Strain or overexertion . . . . .	7,765	24.3
Temperature extremes . . . . .	881	2.8
Electrical current . . . . .	74	.2
Inhalation . . . . .	1,084	3.4
Rubbed or abraded . . . . .	2,623	8.2
Combinations . . . . .	329	1.0
Not classified . . . . .	1,231	3.8
TOTAL . . . . .	<u>31,953</u>	<u>100.0</u>

### Source of Injury

The source of injury identifies the object, substance, exposure, or bodily motion which directly produced or inflicted the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Animals . . . . .	1,667	5.2
Atmosphere . . . . .	98	.3
Body motion . . . . .	2,038	6.4
Boilers . . . . .	152	.5
Boxes and barrels . . . . .	2,395	7.5
Buildings . . . . .	735	2.3
Chemicals . . . . .	1,065	3.3
Conveyors . . . . .	178	.6
Dirt masses . . . . .	261	.8
Electrical apparatus . . . . .	325	1.0
Flame and smoke . . . . .	343	1.1
Food . . . . .	423	1.3
Furniture . . . . .	790	2.5
Glass . . . . .	487	1.5
Hand tools . . . . .	3,392	10.6
Hoisting apparatus . . . . .	452	1.4
Ladders . . . . .	91	.3
Machines . . . . .	1,131	3.5
Mechanical transmission . . . . .	344	1.1
Metal items . . . . .	4,363	13.7
Particles . . . . .	1,299	4.1
Textile . . . . .	287	.9
Trees . . . . .	1,869	5.8
Vehicles . . . . .	2,569	8.0
Working surfaces . . . . .	3,538	11.1
Miscellaneous . . . . .	218	.7
Not classified . . . . .	1,443	4.5
TOTAL . . . . .	<u>31,953</u>	<u>100.0</u>

### Industry Group

These are the standard industrial classifications and provide an overview of experience by industry.

<u>Description</u>	<u>Number</u>	<u>Percent</u>	<u>Employment (thousands)*</u>
Agriculture .....	2,056	6.4	37.3
Mining .....	2,298	7.2	10.4
Construction .....	4,290	13.4	14.9
Manufacturing .....	5,514	17.3	21.5
Transportation .....	1,904	6.0	23.2
Wholesale trade .....	2,503	7.8	18.5
Retail trade .....	4,767	14.9	58.2
Finance .....	254	.8	12.7
Services .....	6,332	19.8	57.5
Public administration .....	1,816	5.7	58.0
Not classified .....	219	.7	
TOTAL .....	<u>31,953</u>	<u>100.0</u>	

\*Montana Employment and Labor Force 2nd quarter 1982

### Work Injuries by Age and Sex

This table compares the work injuries for fiscal year 1982 by age group and sex. The median age of both injured male and female workers was in the 30-34 year age group.

<u>Age Group</u>	<u>Male</u>	<u>Female</u>	<u>Both</u>
Below 15 .....	15	5	20
15-19 .....	1,961	593	2,554
20-24 .....	5,256	1,287	6,543
25-29 .....	4,956	1,089	6,045
30-34 .....	3,557	849	4,406
35-39 .....	2,289	640	2,929
40-44 .....	1,705	532	2,237
45-49 .....	1,374	473	1,847
50-54 .....	1,151	434	1,585
55-59 .....	969	325	1,294
60-64 .....	555	202	757
65-69 .....	128	68	196
70-74 .....	49	16	65
Over 75 .....	32	3	35
Not classified .....	<u>1,138</u>	<u>302</u>	<u>1440</u>
TOTAL .....	<u>25,135</u>	<u>6,818</u>	<u>31,953</u>

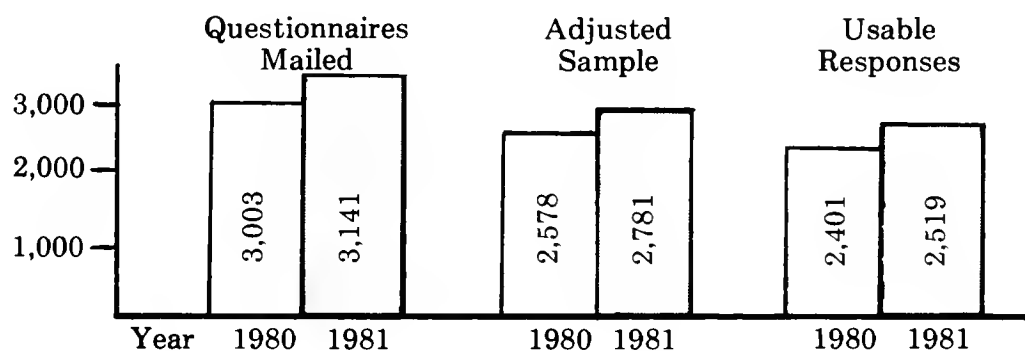
### OCCUPATIONAL SAFETY AND HEALTH ACT SURVEY

The annual Occupational Safety and Health Survey is conducted by the Statistics Section of the Division in cooperation with the Bureau of Labor Statistics of the U.S. Department of Labor. Reported data are based on employer maintained records. The results of the survey are used in measuring and evaluating the effectiveness of the Occupational Safety and Health Act in reducing work-related injuries and illnesses. Survey results are also used as a tool to direct education and inspection activity to industries which have the greatest need for safety improvement programs.

The survey, conducted on a calendar year basis, includes employers of all private industries except self-employed individuals and agricultural firms employing ten or less employees. Federal, state and local government is not included. The data for certain mining activities, railroads, and federal reserve banks was supplied directly by the Bureau of Labor Statistics.



Questionnaires were mailed to 3,141 employers for the 1981 survey and approximately 620 questionnaires are found to be unusable. The overall usable response rate for 1981 was 90.6 percent. The response rate for 1980 was 93.8 percent. The table below compares other mailing statistics with those of 1980.



#### 1980 and 1981 INJURY AND ILLNESS INCIDENCE RATES

Industry	Total Cases		Lost Workday Cases		Lost Workdays		No Lost Workday Cases	
	1980	1981	1980	1981	1980	1981	1980	1981
All Industries*	8.2	8.2	3.6	3.5	61.7	60.5	4.6	4.6
Agriculture, Forestry and Fishing**	15.3	12.1	6.0	3.7	151.6	60.3	9.2	8.3
Mining	13.0	11.6	7.0	5.4	127.9	124.1	6.0	6.2
Construction	16.8	15.2	7.0	5.7	161.1	113.6	9.7	9.4
Manufacturing	17.1	16.3	9.1	8.3	147.4	160.9	7.8	8.0
Transportation, Communications, Electric, Gas & Sanitary Services	7.7	7.0	4.4	3.8	59.7	62.6	3.3	3.1
Wholesale and Retail Trade	6.7	16.8	2.0	2.5	34.2	38.0	4.6	4.7
Wholesale Trade	8.3	9.8	2.3	3.9	33.2	51.1	6.1	5.5
Retail Trade	6.0	6.3	1.9	2.0	34.6	32.4	4.0	4.4
Finance, Insurance, and Real Estate	0.7	0.8	0.3	0.2	3.4	1.1	0.5	0.6
Services	4.7	5.2	1.9	2.0	26.8	25.0	2.8	3.1

\*Private sector

\*\*Does not include agriculture with ten or less employees

Incidence rates were calculated as follows:  $N/EH \times 200,000$

N=number of injuries and illnesses or lost workdays

EH=total hours worked by all employees during the calendar year

200,000=base for 100 full-time equivalent workers (50 weeks X 40 hours)





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